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SENATE BILL 498

**50TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2011**

INTRODUCED BY

Gerald Ortiz y Pino

AN ACT

RELATING TO PUBLIC EMPLOYEES' RETIREMENT; INCREASING THE  
AGGREGATE AMOUNT OF SERVICE CREDIT AN EMPLOYEE CAN PURCHASE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

**SECTION 1.** Section 10-11-7 NMSA 1978 (being Laws 1987,  
Chapter 253, Section 7, as amended) is amended to read:

"10-11-7. SERVICE CREDIT--PURCHASE OF SERVICE.--

A. A member who entered a uniformed service of the  
United States may purchase service credit for periods of active  
duty in the uniformed services subject to the following  
conditions:

(1) the member pays the association the  
purchase cost determined according to Subsection E of this  
section;

(2) the member has five or more years of

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1 service credit acquired as a result of personal service  
2 rendered in the employ of an affiliated public employer;

3 (3) the aggregate amount of service credit  
4 purchased pursuant to this subsection does not exceed five  
5 years reduced by any period of service credit acquired for  
6 military service pursuant to any other provision of the Public  
7 Employees Retirement Act;

8 (4) service credit may not be purchased for  
9 periods of service in the uniformed services that are used to  
10 obtain or increase a benefit from another retirement program;  
11 and

12 (5) the member must not have received a  
13 discharge or separation from uniformed service under other than  
14 honorable conditions.

15 B. A member who was a civilian prisoner of war  
16 captured while in service to the United States as an employee  
17 of the federal government or as an employee of a contractor  
18 with the federal government may purchase service credit for the  
19 period of internment as a civilian prisoner of war, provided  
20 that:

21 (1) the member provides proof of employment  
22 with the federal government or as a contractor to the federal  
23 government in a form acceptable to the association;

24 (2) the member provides proof of the period of  
25 internment in a form acceptable to the association;

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1 (3) the member has at least five years of  
2 service credit acquired as a result of personal service  
3 rendered in the employ of an affiliated public employer;

4 (4) the aggregate amount of service credit  
5 purchased pursuant to this subsection does not exceed five  
6 years reduced by any period of service credit acquired for  
7 military service pursuant to any other provision of the Public  
8 Employees Retirement Act;

9 (5) service credit may not be purchased for  
10 periods of service in internment as a civilian prisoner of war  
11 if such periods are used to obtain or increase a benefit from  
12 another retirement program; and

13 (6) the member pays the association the  
14 purchase cost determined according to Subsection E of this  
15 section.

16 C. A member who was employed by a utility company,  
17 library, museum, transit company or nonprofit organization  
18 administering federally funded public service programs, which  
19 utility company, library, museum, transit company or nonprofit  
20 organization administering federally funded public service  
21 programs or federally funded public service programs  
22 administered by a nonprofit organization are subsequently taken  
23 over by an affiliated public employer, or a member who was  
24 employed by an entity created pursuant to a joint powers  
25 agreement between two or more affiliated public employers for

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1 the purpose of administering or providing drug or alcohol  
2 addiction treatment services irrespective of whether the entity  
3 is subsequently taken over by an affiliated public employer,  
4 may purchase service credit for the period of employment  
5 subject to the following conditions:

6 (1) the member pays the association the  
7 purchase cost determined according to Subsection E of this  
8 section;

9 (2) the member has five or more years of  
10 service credit acquired as a result of personal service  
11 rendered in the employ of an affiliated public employer; and

12 (3) the aggregate amount of service credit  
13 purchased pursuant to this subsection does not exceed five  
14 years.

15 D. A member who was appointed to participate in a  
16 cooperative work study training program established jointly by  
17 a state agency and a state post-secondary educational  
18 institution may purchase service credit for the period of  
19 participation subject to the following conditions:

20 (1) the member pays the association the full  
21 actuarial present value of the amount of the increase in the  
22 employee's pension as a consequence of the purchase as  
23 determined by the association;

24 (2) the member pays the full cost of the  
25 purchase within sixty days of the date the member is informed

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1 of the amount of the payment;

2 (3) the member has five or more years of  
3 service credit acquired as a result of personal service  
4 rendered in the employ of an affiliated public employer; and

5 (4) the aggregate amount of service credit  
6 purchased pursuant to this subsection does not exceed five  
7 years.

8 E. Except for service to be used under a state  
9 legislator coverage plan, the purchase cost for each month of  
10 service credit purchased pursuant to the provisions of this  
11 section is equal to the member's final average salary  
12 multiplied by the sum of the member contribution rate and  
13 employer contribution rate, determined in accordance with the  
14 coverage plan applicable to the member at the time of the  
15 written election to purchase. The purchase cost for each year  
16 of service credit to be used under a state legislator coverage  
17 plan is equal to three times the normal member contribution per  
18 year of service credit under the state legislator coverage plan  
19 applicable to the member. Full payment shall be made in a  
20 single lump sum within sixty days of the date the member is  
21 informed of the amount of the payment. The portion of the  
22 purchase cost derived from the employer contribution rate shall  
23 be credited to the employer's accumulation fund and shall not  
24 be paid out of the association in the event of cessation of  
25 membership. In no case shall a member be credited with a month

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1 of service for less than the purchase cost as defined in this  
2 section.

3 F. A member shall be refunded, upon written request  
4 filed with the association, the portion of the purchase cost of  
5 service credit purchased pursuant to this section that the  
6 association determines to have been unnecessary to provide the  
7 member with the maximum pension applicable to the member. The  
8 association shall not pay interest on the portion of the  
9 purchase cost refunded to the member.

10 G. A member of the magistrate retirement system who  
11 during the member's service as a magistrate was eligible to  
12 become a member of the public employees retirement system and  
13 elected not to become a member of that system may purchase  
14 service credit pursuant to the public employees retirement  
15 system for the period for which the magistrate elected not to  
16 become a public employees retirement system member, by paying  
17 the amount of the increase in the actuarial present value of  
18 the magistrate pension as a consequence of the purchase as  
19 determined by the association. Full payment shall be made in a  
20 single lump-sum amount in accordance with procedures  
21 established by the retirement board. Except as provided in  
22 Subsection F of this section, seventy-five percent of the  
23 purchase cost shall be considered to be employer contributions  
24 and shall not be refunded to the member in the event of  
25 cessation of membership.

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